

**MINUTES OF THE JOINT EXECUTIVE APPROPRIATIONS
COMMITTEE MEETING
March 4, 2010 at 5:15 P. M.
Room 210 Senate Building, State Capitol Complex**

Members Present:

Rep. Ron Bigelow, Co-Chair
Sen. Lyle W. Hillyard, Co-Chair
Rep. Bradley G. Last, Vice Chair
Sen. Daniel R. Liljenquist, Vice Chair
Rep. David Clark, Speaker
Rep. Brad L. Dee
Rep. Kevin S. Garn
Rep. James R. Gowans
Sen. Scott K. Jenkins
Sen. Patricia W. Jones
Rep. David Litvack
Sen. Peter C. Knudson
Rep. Rebecca D. Lockhart
Sen. Karen Mayne
Rep. Carol Spackman Moss
Sen. Wayne L. Niederhauser
Sen. Luz Robles
Sen. Ross I. Romero
Rep. Jennifer M. Seelig
Sen. Michael G. Waddoups, President

Staff Present:

Jonathan Ball, Legislative Fiscal Analyst
Steven Allred, Deputy Director
Greta Rodebush, Committee Secretary
Lorna Wells, Committee Secretary

Note: A copy of related materials, and an audio recording of the meeting can be found at www.le.utah.gov.

A list of visitors and a copy of handouts are filed with the committee minutes.

1. Call to Order/Approval of Minutes

Committee Co-Chair Bigelow called the meeting to order at 6:00 p.m. There were no minutes to approve.

2. HJR 32, Joint Resolution Approving the Pelt Case Settlement

Speaker Clark requested staff to distribute a letter from Governor Gary R. Herbert, dated March 3, 2010, stating that the Governor had approved the final settlement agreement (the "Agreement") prepared in connection with the *Pelt v. State of Utah* case. As Utah Code Section 63G-10-202 requires, the Governor forwarded the Agreement to President Waddoups and Speaker Clark for submission to the Utah State Legislature for its approval.

Speaker Clark stated that HJR 32 is a resolution that will approve a long running negotiated settlement of the Pelt lawsuit between the Utah Navajos and the State of Utah. Over the past summer, Speaker Clark, President Waddoups, the Governor's Office, and many others worked to come up with a settlement. Speaker Clark indicated that all parties have agreed to a dollar amount and a payment period. Because the settlement is more than \$1,000,000, the Governor and the Legislature must approve the settlement before a government entity may sign an agreement.

Speaker Clark expressed his appreciation to Phil Lott and David Sonnenreich, Attorney General's Office, for their competence and the manner in which they aggressively worked to get this issue resolved.

Pres. Waddoups spoke in favor of this resolution. He commented on Governor Herbert's leadership in finding various areas of compromise that might make this work. He also recognized Speaker Clark for the extra time and effort he has contributed. Pres. Waddoups stated that in his opinion, this is the best resolution to a very difficult situation. He encouraged a favorable vote on the resolution.

MOTION: Co-Chair Hillyard moved that the Executive Appropriations Committee endorse and recommend that the Legislature approve the Pelt Settlement Agreement. The motion passed unanimously.

3. Budget Actions

Co-Chair Hillyard explained that he was going to make one motion that would include all appropriations subcommittee' budgets, intent language, and fees. By this motion, Co-Chair Hillyard did not intend to stop debate or discussion. He suggested dividing the motion if there were items that needed to be held out for further discussion.

MOTION: Co-Chair Hillyard moved to approve the motions for appropriations subcommittees' budgets, intent language, with the exception of Item 7 on page 7-3, and fees, as shown in the blue packet entitled "Consolidated Appropriations Subcommittee Motions (Excluding Public Education)" and dated today, March 4, 2010.

Co-Chair Hillyard explained that the intent language for Item 7, on page 7-3, Natural Resources - Parks & Recreation, directs the proceeds of the hunts for Bison, Deer and Bighorn sheep on Antelope Island, up to the amount of \$200,000, be used on Antelope Island State Park. He stated that this intent language will be reviewed later if it is included.

Sen. Romero asked about USTAR and other funding reallocations listed under Committee Reallocations on page 5. Co-Chair Hillyard explained that originally, \$3,739,000 was taken from USTAR and distributed among various economic development programs. After meeting with the appropriations subcommittee co-chairs, the Executive Appropriations Subcommittee restored the money to USTAR and found other money to fund economic development programs. The new funding levels for these programs can be found on page 4, in the salmon-colored packet entitled, "Budget Options - Executive Appropriations Committee" dated March 4, 2010.

Speaker Clark called attention to the language in paragraph one, on page 4 of the blue packet, that recommends breaking out the Department of Workforce Services main line item into separate line items: DWS -Administration, DWS - Operations and Policy, and DWS - General Assistance Program for the FY

2012 base budget. Speaker Clark reassured the Department of Workforce Services, that the Legislature will continue to work to find a workable program and model for the Department as the budgeting process moves forward. He noted that there is the possibility that some additional language could go into the Bill of Bills for clarification.

Sen. Robles was appreciative that Speaker Clark had brought this issue to the attention of the public as well as DWS. She expressed concern that the language may have some unintended consequences. Sen. Robles stated that DWS has been extremely creative and fiscally responsible in the handling of their programs.

Rep. Litvack asked for a clarification on a budget recommendation for Health and Human Services on page 8, "On pages 5-59, 5-66, and 5-73, delete 'GFR - Domestic Violence \$58,700.'" Mr. Allred explained that those funds were originally put in by the subcommittee to backfill a cut. The cut was not made and so the funds are no longer necessary to backfill.

Rep. Litvack noted that there are some budget issues that people are still concerned about. He asked about the possibility of making changes once the budget recommendations are approved. Co-Chair Bigelow stated that the committee has already addressed the main budget and used one-time money to make restorations. If there are any large items that have not been addressed, it is unlikely that they will be successfully funded before the end of the session. He indicated that discussions are ongoing and there will be opportunities to fund a few items.

Co-Hillyard stated that the budget process has been very difficult.

Co-Chair Bigelow commented that while the few pages of appropriations subcommittees' budgets, intent language, and fees seem simple and easy, they represent a tremendous amount of work from many people. Hopefully, this work represents the will of the appropriations subcommittees.

The motion passed unanimously.

Co-Chair Bigelow recognized Co-Chair Hillyard for additional motions.

MOTION: Co-Chair Hillyard moved to include in House Bill 2 for legislative approval, the federal grant applications of the Department of Environmental Quality as shown on the pink sheets entitled, "Federal Grants Requiring Legislative Approval" and dated today, March 4, 2010. The motion passed unanimously.

MOTION: Co-Chair Hillyard moved to add back to each line item in the base budget the 2 percent across-the-board reductions taken in Senate Bill 1. The motion passed unanimously.

MOTION: Co-Chair Hillyard moved to adopt the ongoing and one-time revenue sources shown on the green sheet entitled "Additional Ongoing and One-time Revenue Sources for Use in the FY 2010-2011 Budget" and dated today, March 4, 2010. The motion passed unanimously.

Rep. Litvack asked Co-Chair Hillyard to explain the balance remaining in the Rainy Day Funds, \$210 million. Co-Chair Hillyard stated that of the \$419 million that was in the Rainy Day Funds, \$86 million was used for FY 2010. Taking into account \$123 million designated for FY 2011, the remaining balance is \$210 million. He pointed out that the entire Growth in Student Population account balance, \$103 million, has been spent.

The motion passed unanimously.

MOTION: Co-Chair Hillyard moved to adopt the ongoing and one-time changes shown in column "S" of the salmon-colored packet entitled, "Budget Options - Executive Appropriations Committee" and dated today, March 4, 2010.

Rep. Litvack asked if this motion includes the Public Education budget on page 11. It was Rep. Litvack's understanding that the committee was not going to take action on Public Education at this time. Co-Chair Bigelow stated that Public Education was included for informational purposes to show how the budget was balanced. Co-Chair Hillyard indicated that a separate Public Education bill will supersede any action taken today.

The motion passed unanimously with Sen. Jenkins absent for the vote.

MOTION: Co-Chair Hillyard moved to approve internal service fund rate impacts as shown on the orange packet entitled "FY 2011 Internal Service Fund Impacts" and dated today, March 4, 2010.

Pres. Waddoups asked for an explanation of "Internal Service Fund Impacts." Mr. Ball explained that an Internal Service Fund charges other state agencies a rate equal to the cost for services provided. As costs fluctuate, these rates change and the Legislature typically adjusts agency budgets accordingly. These changes are necessary so that the agencies have the money to pay the rate when it is charged.

The motion passed unanimously with Sen. Jenkins absent for the vote.

MOTION: Co-Chair Hillyard moved to authorize appropriations from American Recovery and Reinvestment Act (ARRA) funds and associated intent language in the applicable line items as shown on the yellow sheets entitled, "American Recovery and Reinvestment Act (ARRA) Funding for the 2010 General Session."

Sen. Neiderhauser asked about Line 57, State Office of Education's Race to the Top. Co-Chair Hillyard stated that Superintendent Shumway had informed him that Utah did not make the list and would not be awarded the grant.

Co-Chair Hillyard stated that he would modify his motion to strike Line 57.

The motion passed unanimously with Sen. Jenkins absent for the vote.

MOTION: Co-Chair Hillyard moved to authorize legislative staff to prepare and number "New Fiscal Year Supplemental Appropriations Act" as an Executive Appropriations Committee bill. Staff shall include in this bill the actions of the Executive Appropriations Committee to date. In consultation with the co-chairs of the Executive Appropriations Committee, the Legislative Fiscal Analyst may make any technical changes necessary. The motion passed with Sen. Jenkins absent for the vote.

Co-Chair Hillyard expressed his deep gratitude to the staff of the Fiscal Analyst office for the work they have done in preparing these budgets. He also thanked the Vice Chairs, Sen. Liljenquist and Rep. Last, for the many hours they have spent helping to put this budget together as well.

MOTION: Co-Chair Hillyard moved to authorize legislative staff to prepare a state agency employee compensation appropriations act that funds a 5% increase in health premiums, and reallocates savings from Other Post Employment Benefits (OPEB) in FY 2010 and FY 2011 to retirement and unemployment insurance in FY 2011. In consultation with the co-chairs of the Executive Appropriations Committee, the Legislative Fiscal Analyst may make any technical changes necessary.

Co-Chair Hillyard indicated that of the details this motion have not been worked out yet.

Mr. Ball explained that a new actuarial study estimates that it will cost less to cover healthcare liabilities for retired employees in FY 2010 and FY 2011. Therefore, the savings from Other Post Employment Benefits (OPEB) will be used to cover next year's retirement rate increase. Secondly, the Co-Chairs and the Governor's Office have agreed to appropriate funding sufficient to cover a 5 percent increase in health premiums. An additional projected 5 percent will be covered by changes to the employees' coverage or an increase to the employees' share of the premium or some combination of the two.

The motion passed unanimously.

4. Other Business

MOTION: Co-Chair Hillyard moved to adjourn. The motion passed unanimously.

Co-Chair Bigelow adjourned the meeting at 6:38 p.m.